

Report Brochure



LOWER ALCOHOL WINES

CONSUMER INSIGHTS FROM THE UK MARKET



MAY 2012



REPORT PRICE: GBP 500 or 1 Report Credit

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INTRODUCTION



Lower alcohol wines seem to be at the centre of an almost-perfect wine industry storm in the UK. Despite being quite difficult and expensive to make, and running against the natural instincts of many winemakers, lower alcohol wines (defined for the purposes of this report as wines below 11% ABV) have come to dominate conversations about innovation in the wine category.

From an outsider's perspective, it's easy to see what's causing the fuss. Lower alcohol wines represent the natural outcome of social, political and economic pressures on the wine category. The UK government's Responsibility Deal is encouraging all alcohol manufacturers to reduce alcohol levels; there is more social pressure than ever before to moderate consumption (or abstain completely); and the UK excise tax system provides a convenient and useful pricing incentive to producers who can engineer their wines down to the 5.5% level or below.

It's also true to say that lower alcohol wines have been climbing the sales charts, albeit from a low base. Yet it is here that we must start to examine the evidence more closely, and also think about what the lower alcohol category currently represents, as well as what it might become – both of which are core subjects for this report.



The evidence currently available suggests that low alcohol wines (5.5% or below) are just about the only sign of growth in the UK wine market. The latest Nielsen data, reported in April 2012 in *Off-Licence News*, shows growth of 26% in volume and 39% in value over the year to March 31, 2012, against a market that's down slightly in volume and marginally up in value.

INTRODUCTION (cont.)



The evidence from Wine Intelligence’s UK consumer studies over the past few months suggests that the vast majority of purchase decisions in the 5.5% ABV space are driven not by a desire to reduce alcohol intake, but a more practical desire on the part of the consumer to keep buying cheap wine. This hypothesis is supported by the fact that in many multiple retailers the 5.5% wines and “British” wine (which is also seeing phenomenal growth) are more or less the only products now available for less than £3.50 per bottle.

Of course this is only part of the story. Far more interesting is the opportunity for lower alcohol wines between 5.5% and 11%, especially if, as it might, the UK government introduces new tax bands to benefit wines below certain ABVs. Even if no tax breaks are introduced, it’s highly likely that the lower alcohol category (effectively that between 5.6% and 11%) is here to stay, given the public and measurable commitments that have been made by the major UK retailers.

Judging from the evidence in this report, the lower alcohol space represents all that is promising, and all that is challenging, about the UK wine market. The promising bit is that the typical UK wine drinker is open-minded about new styles of wine, and does appear to be paying more attention to alcohol levels in drinks (40% of the wine drinking population now use this as a purchase cue), and personal alcohol consumption, thanks to government and media.



INTRODUCTION (cont.)



The challenge – or perhaps another positive, depending on your point of view – is that UK wine drinkers still want a product that tastes pleasant, that says “treat” to them, and that perhaps is a bit more drinkable than mainstream wines. They also don’t see why they should pay more for a product that has less alcohol in it, which is perhaps why the literalistic marketing efforts in the lower alcohol category (touting “less alcohol” as the main selling message) have rather fallen flat.



It’s fair to say that we are still in the early stages of the lower alcohol wine phenomenon, and there remains much to play for in this space. The message from consumers in this report is that they want to be able to choose a product that fits with their lifestyle – be it social or for health reasons – but they are not willing to compromise in terms of taste. There are plenty of alternatives out there – from ciders to beers to a resurgent alco-pop sector. Or, as one of our focus group respondents said, when asked how they would be reducing their alcohol intake: “I’ll just have a small glass.”

Richard Halstead
Chief Operating Officer
Wine Intelligence
May 2012



QUANTITATIVE METHODOLOGY: Wine Intelligence Vinitrac[®]



- The data for this study was collected in January 2012
- The data was gathered via Wine Intelligence's [Vinitrac[®] online survey](#), with a sample size of 603 UK wine drinkers, meeting the following requirements:
 - Adult drinking age
 - Permanent resident of the UK
 - Drink wine at least once a month
- The survey data was post-weighted to be representative of UK regular wine drinkers in terms of age, gender and socio-economic groups
- Invalid respondents (those who sped through the survey or gave inconsistent answers to selected questions) were removed before analysis

QUALITATIVE METHODOLOGY:

Wine Intelligence focus groups



- 2 focus groups were conducted on April 3rd 2012, each running for 90 minutes
- Groups were held in London
- Standard respondent criteria:
 - Respondents must be permanent residents of the UK and British citizens
 - English must be their mother tongue
 - Respondents must not work or being related to the following professions: Market Research, Marketing or Public Relations, Manufacture, retailing or distribution of alcohol, Advertising or design, Journalism, TV or Media
 - They must not have attended a market research group discussion or been involved in a market research personal interview in the last 12 months
 - Respondents were recruited to the specifications of Wine Intelligence consumer segments: Mainstream-at-Homers and Generation Treaters (please [contact us](#) for more information about our Portraits segments)

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